

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2486 – SB 2939

February 24, 2012

SUMMARY OF BILL: Requires the Tennessee Film, Entertainment and Music Commission (TFEMC) to notify each member of the General Assembly who requests notification of any particular production activity considered by TFEMC which is proposed to be located within the district represented by the member. Increases, from 24 to 36 months, the time period for which a county must meet one of the specified criteria in order to be considered an enhancement county, for the purpose of qualified business enterprises within the enhancement county being eligible for job tax credits.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$112,500

Increase State Expenditures – Not Significant

Other Fiscal Impact - Secondary economic impacts may occur as a result of this bill. Such impacts may be realized if an increased business presence in Tennessee is prompted by passage of this bill. Due to multiple unknown factors, fiscal impacts directly attributable to such secondary economic impacts cannot be quantified with reasonable certainty.

Assumptions:


- Any increase in expenditures for the TFEMC to notify General Assembly members of production activity occurring within the districts of members can be accommodated within existing resources without an increased appropriation or a reduced reversion.
- In order for a county to qualify as an enhancement county, for the purpose of a qualified business enterprise located within the enhancement county becoming eligible for job tax credits, the average number of dislocated workers within the county must exceed the average number of dislocated workers in the state or the per capita income of the county must be less than Tennessee's average per capita income.
- The fiscal impact of this bill is dependent upon the number of additional counties that will qualify as an enhancement county as a result of a longer qualification time period, the number of additional business enterprises that will be considered a qualified business

enterprise within any additional enhancement county, and the total number of new jobs created by any such additional qualified business enterprise.

- Pursuant to Tenn. Code Ann. § 67-4-2109(b)(1)(A), a qualified business enterprise that makes the required capital investment can qualify for a \$4,500 job tax credit for each new qualified job created.
- Pursuant to Tenn. Code Ann. § 67-4-2109(b)(1)(C), in order for the qualified business enterprise to qualify for job tax credits, the entity must meet the required capital investment and create at least 25 new qualified jobs.
- Given the extent of unknown factors, determining the precise fiscal impact for this bill is difficult. However, it is reasonably estimated that one additional qualified business enterprise will qualify for job tax credits each year as a result of this bill. Therefore, the recurring decrease in state revenue is reasonably estimated to exceed \$112,500 (25 jobs x \$4,500 credit).
- Any increase in state expenditures for the Department of Revenue to administer additional job tax credits is considered not significant because the Department currently has mechanisms and resources in place to administer job tax credits and because the number of additional qualified business enterprises are expected to be few.
- There could be subsequent increases in state and local government revenue and expenditures due to secondary economic impacts prompted by passage of this bill. Increases in revenue may occur if the number of businesses increase, and the number of jobs increase, as a result of this bill. Increases in expenditures may occur if the demand for governmental programs and infrastructure increase as a result of any increased business presence in Tennessee. Due to multiple unknown factors such as the extent and timing of any increased business presence, the fiscal impacts directly attributable to such secondary economic impacts cannot be quantified with reasonable certainty.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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